

ASSEMBLY BILL

No. 223

**Introduced by Assembly Member Negrete McLeod
(Coauthors: Assembly Members Shirley Horton, Matthews, and
Maze)**

February 3, 2005

An act to amend Section 10170.5 of the Business and Professions Code, relating to real estate.

LEGISLATIVE COUNSEL'S DIGEST

AB 223, as introduced, Negrete McLeod. Real estate licensure: education requirements.

Existing law, the Real Estate Law, requires the licensure of a person by the Real Estate commissioner to engage in the business of, act in the capacity of, or advertise or assume to act as, a real estate broker or a real estate salesman. Existing law requires applicants for a real estate license renewal to meet certain education requirements.

This bill would include in those requirements completion of a 3-hour course in risk management that includes principles, practices, and procedures calculated to avoid errors and omissions in the practice of real estate licensed activities.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10170.5 of the Business and Professions
- 2 Code is amended to read:
- 3 10170.5. (a) Except as otherwise provided in Sections
- 4 10153.4 and 10170.8, no real estate license shall be renewed

1 unless the commissioner finds that the applicant for license
2 renewal has, during the four-year period preceding the renewal
3 application, successfully completed the 45 clock hours of
4 education provided for in Section 10170.4, including all of the
5 following:

6 (1) A three-hour course in ethics, professional conduct, and
7 legal aspects of real estate, which shall include, but not be limited
8 to, relevant legislation, regulations, articles, reports, studies,
9 court decisions, treatises, and information of current interest.

10 (2) A three-hour course in agency relationships and duties in a
11 real estate brokerage practice, including instruction in the
12 disclosures to be made and the confidences to be kept in the
13 various agency relationships between licensees and the parties to
14 real estate transactions.

15 (3) A three-hour course in trust fund accounting and handling.

16 (4) A three-hour course in fair housing.

17 (5) *A three-hour course in risk management that shall include,*
18 *but need not be limited to, principles, practices, and procedures*
19 *calculated to avoid errors and omissions in the practice of real*
20 *estate licensed activities.*

21 (6) Not less than 18 clock hours of courses or programs related
22 to consumer protection, and designated by the commissioner as
23 satisfying this purpose in his or her approval of the offering of
24 these courses or programs, which shall include, but not be limited
25 to, forms of real estate financing relevant to serving consumers in
26 the marketplace, land use regulation and control, pertinent
27 consumer disclosures, agency relationships, capital formation for
28 real estate development, fair practices in real estate, appraisal and
29 valuation techniques, landlord-tenant relationships, energy
30 conservation, environmental regulation and consideration,
31 taxation as it relates to consumer decisions in real estate
32 transactions, probate and similar disposition of real property,
33 governmental programs such as revenue bond activities,
34 redevelopment, and related programs, business opportunities,
35 mineral, oil, and gas conveyancing, and California law that
36 relates to managing community associations that own, operate,
37 and maintain property within common interest developments,
38 including, but not limited to, management, maintenance, and
39 financial matters addressed in the Davis-Stirling Common
40 Interest Development Act.

~~(6)–~~

(7) Other courses and programs that will enable a licensee to achieve a high level of competence in serving the objectives of consumers who may engage the services of licensees to secure the transfer, financing, or similar objectives with respect to real property, including organizational and management techniques that will significantly contribute to this goal.

(b) Except as otherwise provided in Section 10170.8, no real estate license shall be renewed for a licensee who already has renewed under subdivision (a), unless the commissioner finds that the applicant for license renewal has, during the four-year period preceding the renewal application, successfully completed the 45 clock hours of education provided for in Section 10170.4, including a six-hour update survey course that covers the subject areas specified in paragraphs (1) to (4), inclusive, of subdivision (a).

(c) Any denial of a license pursuant to this section shall be subject to Section 10100.

(d) For purposes of this section, “successful completion” of a course described in paragraphs (1) to ~~(4)~~ (5), inclusive, of subdivision (a) means the passing of a final examination.

~~(e) This section shall become operative on July 1, 2003.~~